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UNCLAS SECTION 01 OF 03 KATHMANDU 000842

SENSITIVE
SIPDIS

FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE SCHER FROM CHARGE
MOON

E.O. 12958: N/A
TAGS: PGOV PHUM MARR NP
SUBJECT: SCENESETTER: DASD SCHER VISIT TO NEPAL

¶1. (SBU) U.S. Mission Kathmandu warmly welcomes you to Nepal. The last high-level visit to Nepal was A/S Blake's visit in June, and your visit will convey the message that the USG is committed to supporting Nepal's peace process and transition to a full-fledged democracy. Arriving only a week after the installation of new Chief of Army Staff (COAS) Chhatraman Singh Gurung, your visit is also an opportunity to deepen U.S. ties with the new COAS.

Political Background

¶2. (SBU) Nepal has been in the throes of a United Nations-monitored peace process since the end of a ten-year Maoist insurgency in 2006. The past year and a half has seen the election of the Maoists to lead the government, the end of a 240-year monarchy, the fall of the Maoist government over failure to sack controversial COAS Katawal, and minimal progress since Prime Minister Madhav Kumar Nepal formed a new government in May. The GON faces a daunting set of challenges, including poor security, a weak economy, lack of rule-of-law, and a fragmented society. Ethnic and linguistic identity politics have grown into a contentious issue the GON ignores at its own risk.

¶3. (SBU) The M.K. Nepal-led government struggles to keep the unwieldy 22-party coalition intact amidst intra-party bickering and differences over key constitutional and policy issues, such as the shape a federal Nepal should take. The Constituent Assembly (CA) has repeatedly missed deadlines for drafting elements of a new constitution, and most observers believe it unlikely that the CA will meet its May 10, 2010 deadline for completing work. The parties are unable to reach consensus on how to address unresolved peace process issues, notably how to proceed with integration and rehabilitation of Maoist combatants.

¶4. (SBU) While daunting challenges remain, we have seen limited progress in the Nepali peace process in recent weeks. The Maoists ended their boycott of the Special Committee on Integration and Rehabilitation, which has met twice in two

weeks. The CA's Constitutional Committee, the key drafting body, elected a new chair - a position that had been vacant for three months. The Maoists - despite the defeat of their candidate - have agreed to work with the new chair.

New Security Plan

15. (SBU) Among Nepal's most pressing challenges is the lack of law and order, especially in the southern plains of the Terai. More than a hundred armed groups operate in the Terai, many under political auspices of rights for the minority Madhesi people. The previous government appointed teams to negotiate with the various armed groups. While some of the groups sent delegates to talks, little progress was made. Similarly, the Maoist-affiliated youth wing, the Young Communist League (YCL), continues to engage in illegal activities such as threats and extortion throughout the country. The YCL also clashes with the police and other party-affiliated youth wings such as UML's Youth Force.

16. (SBU) To address the law and order crisis, Home Minister Bhim Rawal, a Communist Party of Nepal-United Marxist Leninist (UML) leader who oversees Nepal's internal security portfolio, unveiled a special security plan on July 29 to improve the law and order situation across the country. The security plan calls for 16,000 new security officers. The proposal would augment police patrols and effectively place the Nepal Police, Armed Police Force, and National Investigation Department under a unified command. Rawal

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expressed determination to end "bandhs"--ad hoc, widely-enforced strikes that frequently include road blockades to disrupt traffic and force closure of public offices and educational institutions. The plan also focuses on curbing organized crime and other serious offenses as well as countering the threat of armed groups in the Terai. Since the announcement, there has been a noticeable improvement in law enforcement efforts, particularly in Kathmandu and the eastern Terai.

Role of the Military

17. (SBU) Confined to barracks under the terms of the 2006 Comprehensive Peace Agreement, the Nepal Army (NA) remains uneasy about the evolving peace process. The NA doubts the sincerity of the Maoists and remains concerned about its role in a "new Nepal." Key issues facing the NA are eventual integration of some of the Maoist combatants into its ranks; downsizing a force that more than doubled in size from 45,000 to 95,000 in fewer than five years; lack of equipment and ammunition; and fully transitioning to the idea of civilian control. The NA is one of the leading contributors to UN peacekeeping mission, with more than 4,000 troops currently serving in UN missions.

18. (SBU) The Ministry of Defense (MOD) does not yet provide effective oversight of the Nepal Army, but there are positive signs that this may be changing. The MOD does not control the Army's budget and - because it does not directly manage money and procurement - is not seen as an attractive assignment by the best government bureaucrats. The Ministry has, however, begun to assert its role by denying promotion recommendations for officers who are alleged human rights violators. In the past, the MOD would not have questioned a COAS's forwarded recommendations.

19. (SBU) General Chhatraman Singh Gurung took over as the Chief of the Army Staff (COAS) on 9 September 2009 replacing General Katawal, the controversial previous COAS. Katawal's hard line stance toward the Maoist culminated in the collapse of the Maoist-led government when then-PM Dahal attempted to fire him in May. In his standoff with the Maoists, General Katawal had the support of 18 political parties--and

India--which propelled him to the center of the stalled peace process. Despite his retirement, the Maoists have not recovered from that episode. The new COAS--the first ever from an ethnic minority group to be COAS--is expected to be much less outspoken and less politically involved than Katawal was.

¶10. (SBU) The military also continues to be dogged by allegations of human rights abuses committed during the 10-year civil conflict. Human rights groups, both domestic and international, have criticized the perceived lack of accountability for abuses. This has led to proposals in the U.S. Congress to restrict military assistance to Nepal. Since the end of the civil conflict, no one - security forces or Maoists - have been criminally charged for human rights abuses. The culture of impunity remains a major challenge for Nepal's democracy. Progress toward instituting a truth and reconciliation commission, as required by the CPA, has been slow, although there has been some progress on formation of a related disappearances commission.

Defense Cooperation Activities

¶11. (SBU) The U.S. provides a multi-spectrum approach to defense cooperation and security assistance to Nepal. Beyond standard mil-to-mil activities, the Office of Defense

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Cooperation oversees 1207 funds, disaster management exercises, Global Peace Operations Initiative (GPOI) events, and various other regional and country focused efforts to look at security issues from a comprehensive perspective. Examples include a series of conferences on security sector reform, a multilateral exercise focused on planning for an major earthquake in the Kathmandu Valley, a Center of Excellence event on H1N1 Pandemic Influenza and HIV/AIDS, mobile training teams for disaster planning, and a Joint/Combined Exercises for Training focused on humanitarian assistance/disaster response and peacekeeping operations.

¶12. (SBU) International Military Education and Training (IMET) funding has been consistently provided to Nepal to improve the professionalism of Nepal's security forces and to promote the importance of civil-military relations, human rights and democracy. However, in FY 2008, Nepal was restricted to Enhanced-International Military Education and Training (E-IMET) courses. Congress lifted this restriction in FY 2009. In FY09 IMET funds trained 29 personnel.

¶13. (SBU) After three years of no funds, FMF for FY10 is proposed at \$1.1 million. Draft FY10 Foreign Ops Bill legislation, however, includes sanctions on FMF for Nepal tied to concerns about human rights abuses by the Nepal Army, civilian control over the NA, and lack of progress on integration. This draft language stipulates that FMF may flow to Nepal only when 1) the NA cooperates fully with human rights investigations and prosecutions and 2) the GON implements security sector reforms, including establishing a functioning Ministry of Defense and budget transparency and accountability, and 3) facilitates integration. Exemptions are made for peacekeeping and humanitarian operations. The new Chief of the Army Staff (COAS) General Gurung, told the Charge' in Kathmandu recently that the Army is willing to investigate and punish human rights cases of concern to the USG. According to the press, in his first address to the officers at Army Headquarters on 10 September, Gurung said the Army would honor civilian supremacy, democratic principles, and emphasized a "zero-tolerance" for human rights violations.

Conclusion

¶14. (SBU) The Nepal peace process will likely muddle along,

but a solution to key issues like integration and rehabilitation of the Maoist army and political consensus seems distant. The Nepal Army is a professional force, very pro-American, and one of the top five force contributors to UN peacekeeping operations. They have obeyed the rules of the Comprehensive Peace Agreement, but overall they continue to distrust the Maoists' intentions.

MOON